

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, AUSTRALIA

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SURVEY OF PRIVATE PENSION AND RETIRING ALLOWANCE SCHEMES, 1961-62I. INTRODUCTION

This statement contains the results of a survey conducted by the Commonwealth Bureau of Census and Statistics in March quarter, 1963. The purpose of the Survey was to obtain details of the operations of private pension and retiring allowance schemes conducted by private businesses during the year ended June, 1962, or their accounting period nearest to that year. Separate information was required for the following:-

- (i) Schemes operated through life insurance offices, friendly societies and other organizations such as unit trusts;
- (ii) Superannuation, pension and retiring allowance funds constituted by businesses; and
- (iii) Direct payments by the employer of pensions and/or retiring allowances.

Industrial Field Covered

2. The survey was based upon a sample of businesses subject to payroll tax, that is, all those with a payroll of over approximately £860 per month. Commonwealth Government airlines and banks were included, if contributing to their own separate funds rather than to the State or Commonwealth Superannuation Funds, but other government business undertakings were excluded. Rural industries and private and domestic services were excluded because of the small coverage of payroll tax, and statutory coal miners' pension funds because operations of these funds are already published elsewhere.

3. The figures shown in this statement are estimated totals for the whole field from which the sample was drawn. Some indication of the extent of the field surveyed is given by the fact that the figures relate to businesses employing approximately 78 per cent. of the total number of employees in private employment, excluding the rural industries and private and domestic service. Forms were sent to a sample of approximately 4,800 businesses which included all large businesses with a payroll of over £20,000 in the month when the sample was selected, and varying proportions of smaller undertakings.

4. In view of the comparatively small numbers of businesses covered, some of the percentage distributions of these numbers in paragraph 8 and Table 1 should be regarded as giving no more than a very broad indication of the situation. The tables showing details of the financial operations of the various types of schemes are less subject to variability since they are weighted heavily by the operations of large firms in which the coverage is practically complete.

5. Details of the financial operations of government and semi-government superannuation schemes are to be found in the annual Finance Bulletins published by the Commonwealth Bureau of Census and Statistics. Details of the operations of the Coal Miners' Pension Funds are to be found in the Annual Reports of the State Auditors-General. Since January, 1960, the Monthly Bulletin of Australian Life Insurance Statistics has contained some information on the superannuation business of life insurance offices.

Previous Surveys

6. The previous survey in this field conducted by the Commonwealth Bureau of Census and Statistics related to the year 1960-61. A report on this survey was published in March, 1963 in Special Business Survey No. 14. There are no major differences in scope and definition between the two surveys. However, since the survey estimates are based on samples they are subject to sampling variability, that is, variations that might occur by chance because only a sample of the population is enumerated. Because of this sampling variability, it is not possible to reconcile exactly the details of membership (Table 6) or the closing and opening balances of superannuation, pension and retiring allowance funds (Table 5) as shown in the results of the two surveys. However, the differences due to these two factors are relatively small. In this statement, comparison is also made with the 1955-56 survey. There are differences in scope and definition between the 1955-56

survey and those of 1960-61 and 1961-62. The most important difference is the raising of the exemption limit for the payment of payroll tax. In 1955-56 the survey covered all businesses with a payroll of over £500 per month, whereas from 1960-61 only those businesses with a payroll of over approximately £860 per month were included. Another difference is the changed treatment of separate funds. From 1960-61 details were collected on an accrual basis, whereas in 1955-56 details of these funds were in some cases collected on a cash basis.

II. TYPES OF SCHEMES ANALYSED

7. To assist in sampling and analysis, businesses were divided into the following sizes on the basis of their monthly pay-rolls:-

Small Businesses - pay-roll of more than £860 and less than £3,000 monthly;

Medium Businesses - pay-roll over £3,000 but under £20,000 monthly; and

Large Businesses - pay-roll of over £20,000 monthly.

8. In the 1961-62 survey it was found that 54 per cent. of all businesses operate pension or retiring allowance schemes of one or more of the types described in the first paragraph of this statement; 44 per cent. of small businesses (as defined in paragraph 7) operate schemes, 72 per cent. of medium businesses and 93 per cent. of large businesses. In 1960-61, the percentages were 53 per cent. for all businesses, and 43, 69 and 93 per cent. respectively for small, medium and large businesses. State branches and subsidiary companies were treated as separate businesses, even though their employees were covered by a scheme organized by their head offices or parent company.

TABLE 1. - TYPE OF SUPERANNUATION SCHEMES :

PERCENTAGE OF TOTAL SCHEMES BY SIZE GROUPS (a)

(Per Cent.)

Year ended 30th June or substituted accounting period	Size of Business	Life Insurance Scheme only (b)	Life Insurance Scheme and Super- annuation etc. Fund (b) (c)	Super- annuation, Pension and Retiring Allowance Funds (b) (c)	Direct Payments only	Total
1955-56	Small (d)	75	7	18	..	100
	Medium	71	11	18	..	100
	Large	52	16	32	..	100
	All Sizes (d)	63	13	24	..	100
1960-61	Small	71	10	18	1	100
	Medium	65	16	18	1	100
	Large	44	30	25	1	100
	All Sizes	66	14	19	1	100
1961-62	Small	67	14	18	1	100
	Medium	58	21	20	1	100
	Large	37	36	26	1	100
	All Sizes	62	18	19	1	100

- (a) State branches and subsidiary companies were treated as separate businesses, even though their employees were covered by a scheme organized by their head office or parent company.
- (b) With or without direct payments by employer.
- (c) As reported by businesses. In some cases, businesses which had both life insurance schemes and other funds, but which would have had difficulty in supplying separate figures, may have reported all particulars under superannuation, etc. funds.
- (d) In the 1955-56 survey small businesses are defined as those with a pay-roll of more than £500 and less than £3,000 monthly.

9. Table 1 shows that schemes organized through life insurance offices are the most common type of scheme, although they are less important in large than in small businesses.

10. Schemes combining life insurance and a separate fund have become relatively more important since 1955-56. In 1955-56, 7 per cent. of the small businesses, 11 per cent. of the medium businesses and 16 per cent. of the large businesses had combined schemes. In 1960-61, these proportions had increased to 10 per cent., 16 per cent. and 30 per cent. respectively, and in 1961-62, these proportions had further increased to 14 per cent., 21 per cent. and 36 per cent. respectively.

III. FINANCIAL OPERATIONS OF PRIVATE SUPERANNUATION SCHEMES

11. In this section, details are shown of the financial operations of:-

- (i) Schemes operated through life insurance offices, etc.; and
- (ii) Superannuation, pension and retiring allowances funds constituted by businesses.

12. Those businesses which operated a combined scheme through both types of funds provided separate details of the two types of schemes where practicable. In some cases, businesses which had both types of funds, but which would have had difficulty in supplying separate figures, may have reported all particulars under (ii).

13. In cases where employees of a State branch or subsidiary company included in the sample were covered by a fund organized by the head office or parent company, some degree of estimation was necessary to obtain particulars covering only the businesses included in the sample. This was done by obtaining particulars for the whole of the fund and apportioning them to member branches or companies in proportion to their wages and salaries.

- (i) Schemes Operated through Life Insurance Offices, etc.

14. Table 2 shows the amounts contributed through these schemes. Contributions are shown separately for two types of schemes:

- (a) Contributory schemes in which both employee and employer contributed to the premiums; and
- (b) non-contributory schemes in which only employers made contributions.

TABLE 2. - SCHEMES OPERATED THROUGH LIFE INSURANCE OFFICES ETC.,

AMOUNTS CONTRIBUTED (a)

Year ended 30th June or substituted accounting period	Contributory Schemes		Non- Contributory Schemes	All Schemes	
	Employee Contribution	Employer Contribution	Employer Contribution	Employer Contribution	Total Contribution
AMOUNTS CONTRIBUTED (£ million)					
1955-56	6.4	n.a.	n.a.	9.9	16.3
1960-61 (b)	10.1	14.7	2.0	16.7	26.8
1961-62 (b)	10.7	15.2	2.2	17.4	28.1

PERCENTAGE OF TOTAL CONTRIBUTIONS					
1955-56	39	n.a.	n.a.	61	100
1960-61	38	55	7	62	100
1961-62	38	54	8	62	100

- (a) Some information on benefits paid from schemes operated through life insurance offices may be found in the Monthly Bulletin "Australian Life Insurance Statistics" and in the Finance Bulletin - Insurance and Other Private Finance, 1962-63, to be published shortly.
- (b) The average contributions per employee covered by contributory and non-contributory schemes in 1960-61 and 1961-62 were:

	1960-61	1961-62	
Contributed by employees -	£ 42.0	£ 43.3) per employee covered
Contributed by employers -	£ 70.3	£ 70.8	
Total contributed -	£112.3	£114.1	

n.a. - Not available.

(ii) Superannuation, Pension and Retiring Allowance Funds

15. Tables 3 and 4 show the estimated income and expenditure of superannuation, pension and retiring allowance funds during 1961-62, and comparative figures for 1955-56 and 1960-61.

In Table 3, contributions are shown separately for the following two types of schemes but the components of other income are shown for both types of schemes combined:

- (a) Contributory schemes, in which both employee and employer contributed to the fund; and
- (b) Non-contributory schemes, in which only employers made contributions.

TABLE 3. - SUPERANNUATION, PENSION AND RETIRING ALLOWANCE FUNDS : INCOME

(Year ended 30th June or substituted accounting period)

Year	Contributions				Other Income			Total Income
	Contributory Schemes		Non-Contributory Schemes	All Schemes	Interest on Commonwealth Local and Semi-Government Securities	Other Interest and Dividends	Other Income (a)	
	Employee Contributions	Employer Contributions	Employer Contributions	Employer Contributions				
AMOUNT (£ million)								
1955-56	5.8	n.a.	n.a.	13.2	3.1	3.8	0.6	26.5
1960-61 (b)	10.2	18.0	2.8	20.8	5.4	9.2	3.2	48.8
1961-62 (b)	12.0	21.4	2.9	24.3	6.5	10.5	4.6	57.9
PERCENTAGE OF TOTAL INCOME								
1955-56	22	n.a.	n.a.	50	12	14	2	100
1960-61	21	37	6	43	11	19	6	100
1961-62	21	37	5	42	11	18	8	100

(a) Includes receipts from surrender of life insurance policies, profits on sale of investments, sub-underwriting commissions, etc.

(b) The average contributions per employee covered by contributory and non-contributory schemes in 1960-61 and 1961-62 were:

	1960-61	1961-62	
Contributed by employees -	£ 42.1	£ 47.1) per employee covered
Contributed by employers -	£ 85.9	£ 95.5	
Total contributed -	£128.0	£142.6	

n.a. - Not available.

TABLE 4. - SUPERANNUATION, PENSION AND RETIRING ALLOWANCE FUNDS :

EXPENDITURE

(Year ended 30th June or substituted accounting period)

(£ million)

Year	Pensions			Lump Sum Payments			Other Expenditure (a)	Total Expenditure
	Former Employees	Widows or Children	Total	On Retirement or Death	On Resignation or Dismissal	Total		
1955-56	n.a.	n.a.	2.6	n.a.	n.a.	n.a.	n.a.	7.0
1960-61	3.8	0.6	4.4	4.0	3.7	7.7	1.9	14.0
1961-62	4.4	0.8	5.2	5.4	4.0	9.4	2.6	17.2

(a) Includes administrative expenses payable from fund, loss on sale of investments, life insurance premiums paid, etc.

n.a. - Not available.

TABLE 5. - SUPERANNUATION, PENSION AND RETIRING ALLOWANCE FUNDS, BY TYPE OF ASSETS

At 30th June or substituted balance date	Cash and Bank Balances	Commonwealth Government Securities	Local and Semi-gov- ernmental Securities	Loans on Mortgage(a)	Company Debentures Notes Loans etc.	Shares in Companies	Other Assets (b)	Total Assets	Less Sundry Creditors etc.	Amount of Funds (c)
AMOUNT (£ million, at Book Values at balance dates in year quoted)										
1955-56	13.0	51.3	41.9	11.7	17.7	21.7	11.0	168.3	..	n.a.
1960-61	8.7	45.5(r)	74.4(r)	21.8	73.9	63.0	9.9	297.2	2.3	294.9
1961-62	7.9	52.9	82.8	20.5	83.2	74.0	13.4	334.7	2.5	332.2
PERCENTAGE DISTRIBUTION										
1955-56	8	30	25	7	11	13	6	100
1960-61	3	16(r)	25(r)	7	25	21	3	100
1961-62	2	16	25	6	25	22	4	100

(a) Excludes loans to building societies which are included in other assets.

(b) Includes investment in real estate.

(c) See paragraph 6.

(r) Revised.

n.a. - Not available.

IV. MEMBERSHIP OF PRIVATE SUPERANNUATION FUNDS

16. In this section details of membership are shown for:-

- (i) Schemes operated through life insurance offices, etc.; and
- (ii) Superannuation, pension and retiring allowance funds constituted by businesses.

17. Members of combined schemes are included in both sections. The numbers of members are rounded to the nearest hundred.

TABLE 6. - MEMBERSHIP OF PRIVATE SUPERANNUATION FUNDS (a)

(Year ended 30th June or substituted accounting period)

Particulars	Schemes operated through Life Insurance Offices, etc.			Superannuation, Pension and Retiring Allowance Funds		
	1955-56	1960-61	1961-62	1955-56	1960-61	1961-62
Employees covered at beginning of Fund's year	n.a.	232,100	237,300	n.a.	227,200	239,800
New Entrants during year	n.a.	29,900	33,700	n.a.	46,700	43,100
Exits during year -						
Death and Retirement (age and invalidity)	n.a.	2,900	3,100	n.a.	3,700	3,900
Other (resignation, dismissal, etc.)	n.a.	20,600	20,600	n.a.	28,100	25,200
Number of Employees covered at end of Fund's year -						
Males	} 202,900	220,200	227,400	} 185,600	198,000	209,000
Females		18,300	19,900		44,100	44,800
Number receiving pensions at end of Fund's year -						
Former Employees	} n.a.	2,000	2,000	15,300	(9,400	9,800
Widows and Children					(2,900	3,400

(a) see paragraph 6.

n.a. - Not available.

V. DIRECT PAYMENTS OF PENSIONS AND RETIRING ALLOWANCES

18. Some businesses make direct payments of pensions and retiring allowances either instead of, or in addition to, operating a scheme through a life insurance office or a superannuation, pension and retiring allowance fund. These details are given in Table 7 below. The numbers of recipients of pensions and retiring allowances are rounded to the nearest hundred.

TABLE 7. - DIRECT PAYMENTS OF PENSIONS AND RETIRING ALLOWANCES

Year ended 30th June or substituted accounting period	Pensions		Retiring Allowances	
	Number	Amount £ million	Number	Amount £ million
1955-56	8,600	1.9	3,500	2.2
1960-61	10,200	2.8	3,800	2.5
1961-62	10,400	2.9	4,000	2.3
	Average amount paid per beneficiary		Average amount paid per beneficiary	
	£		£	
1955-56	221		632	
1960-61	275		657	
1961-62	278		565	

VI. SELF EMPLOYED AND OTHER SUPERANNUATION AND RETIREMENT SCHEMES

19. A survey of self-employed and other superannuation and retirement schemes carried out in respect of 1960-61 was not repeated for 1961-62. Details of the 1960-61 results may be found in Finance Bulletin, 1960-61, No. 52.

K.M. ARCHER
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CANBERRA, A.C.T.

2ND MARCH, 1964

NOTE: Enquiries concerning these statistics may be made in Canberra by telephoning 70413 extension 583 or, in each State capital, by telephoning the office of the Bureau of Census and Statistics.

S/T 1980